DOCUMENT RESUME

ED 273 015 EA 018 749

AUTHOR	McLaughlin, Terence
TITLE	Catholic School Finance and Church-State Relations. NCEA Keynote Series No. 5.
INSTITUTION	National Catholic Educational Association, Washington, D.C.
PUB DATE	85
NOTE	84p.
AVAILABLE FROM	Publication Sales, National Catholic Educational Association, 1077 30th Street, N.W., Suite 100, Washington, DC 20007 ($6.60 prepaid; postage and handling will be added on billed orders).
PUB TYPE	Reports - Evaluative/Feasibility (142)
EDRS PRICE	MF01/PC04 Plus Postage.
DESCRIPTORS	*Catholic Schools; Cooperative Programs; Court Litigation; *Educational Finance; Elementary Secondary Education; *Government School Relationship; *Private School Aid; School Choice; School Law; School Support; School Taxes; *State Church Separation; State Federal Aid; Tuition

ABSTRACT

This booklet examines the roles of several sources of funding for Catholic schools. The first chapter points out major differences between Catholic schools and public schools, discusses why some parents are willing to pay for a Catholic education, and reviews the history of the development of the Catholic school system in the United States. Chapter 2 looks at the different tuition plans used in Catholic schools and at the sources of funds used to supplement the tuition charged. Parish subsidies, the contributions made by members of religious orders and others, and the benefits of cooperative programs with businesses and public schools are examined in chapter 3, and shifts in their relative importance are noted. The fourth chapter considers the role of the state in providing support to Catholic education, discussing (1) sharing resources; (2) the characteristics of tax deductions, tax credits, and voucher plans; (3) arguments for and against publicly provided support; and (4) political factors affecting state support. Chapter 5 reviews how significant court interpretations of constitutional provisions regarding religion have been applied to public support of parochial schools. The booklet provides a 10-item annotated bibliography and a guide for studying the information presented. (PGD)

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NCEA Keynote Series No. 5

CATHOLIC SCHOOL FINANCE AND CHURCH-STATE RELATIONS

Brother Terence McLaughlin, FSC

EA 018 749

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CATHOLIC SCHOOL FINANCE AND CHURCH-STATE RELATIONS

Brother Terence McLaughlin, FSC

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TABLE OF CONTENTS

Preface i
1. Catholic Schools Are Both Private and Public 1
2. Tuition Arrangements and Alternatives 11
3. Subsidies, Contributed Services, Cooperative Programs 21
4. Private and Public Cooperative Programs 29
Local Level Cooperative Programs 29
Catholic Schools and State Relationships 32
Tax Deductions—State Level 33
Federal Assistance to Catholic School Students 34
Public Funding—New Initiatives 37
Tax Credits—Federal Level 43
Vouchers 45
The Political Process 49
5. The Private Schools and the Courts 55
The Oregon Case 57
Textbook and Transportation Cases 59
Tax Exemption and Tax Deduction Cases 60
Union and Unemployment Compensation Cases 61
Direct Support and Direct Grant Cases 62
Constitutional Law and Contract Law 64
Resources and Annotated Bibliography 69
Suggestions for Using This Booklet 75
About the Author 81

PREFACE

The NCEA Keynote Series is made possible by a grant from the Michael J. McGivney Fund. This fund for new initiatives in Catholic education came through the generosity of the Knights of Columbus under the leadership of Virgil C. Dechant, Supreme Knight.

The Reverend Russell M. Bleich, Superintendent of Education in the Archdiocese of Dubuque, Iowa, made the original suggestion for preservice and inservice materials for teachers. Thanks are due the authors of this series and to the staff of the Education Office of the Archdiocese of Dubuque for the practical application section of each booklet.

Special thanks go to Ms. Eileen Torpey, the major editor of the series. The editorial committee consists of the Reverend J. Stephen O'Brien, Executive Director of the Department of Chief Administrators of Catholic Education, Sister Carleen Reck, Executive Director of the Elementary School Department, and Michael J. Guerra, the Executive Director of the Secondary School Department.

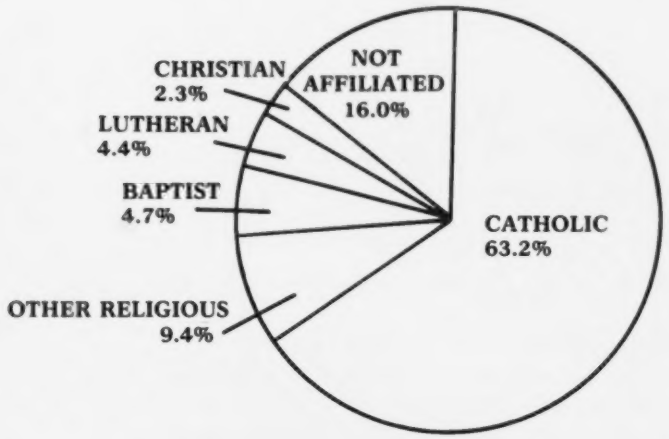
The Catholic school system, from its modest beginnings, has developed into the largest private school system in the world. Its strength has been the generous support of its parents,the heroic service of its religious and lay teachers, and the strong bonding that has existed between the parish, school, diocese, and religious orders. Government, at both state and national levels, has not been a generous benefactor.

This booklet presents the financial patterns of the Catholic schools today, and the new initiatives which may become the adopted procedures of the future. Financing Catholic schools in the United States has remained quite standard procedure during the first 200 years. However, as our coun-

try grows and develops, new insights are bound to project themselves into our educational and social thinking. The result may be new linkages, both public and private, which will help the Catholic schools to continue their vigorous role in American education in the 21st century.

1. CATHOLIC SCHOOLS ARE BOTH PRIVATE AND PUBLIC

Private schools historically have been an important part of American education. Today, private schools enroll approximately 11 percent of America's school population, elementary and secondary, and comprise perhaps 20 percent of the nation's schools. These percentages indicate that there are more small private schools in existence than there are small public schools. Catholic schools, elementary and secondary, form 63.2 percent of the total private school population. Other church-related schools form 20.8 percent, with the non-affiliated schools composing 16 percent of the private school population.[1]



The label "private school" may sometimes smack of elitism or exclusivity. However, the public school limits its service to a local geographical area. A Catholic school, not

restricted by boundaries, may be open to a wider enrollment base. This is the general pattern, even when we acknowledge exceptions such as magnet schools in the public sector and parish boundaries in the Catholic system. In this latter case, Catholic students are usually free to go to other parish schools if their parents so choose.

It is not the school's capacity to serve the public that makes a public school "public." A public school is public because it is supported by public funding, by tax monies paid by the general public. Catholic schools, and other religious and non-affiliated schools, are "private" because the sources of their funding must spring from the parents themselves.

John Coons, writing in *Newsweek*, states that tax-supported schools call themselves public. The label is democratic, but the reality is not. To get the school you want for your child, you have to live in the right place in the right district. Such an elite system, one would think, would be called private.

Meanwhile, schools called private take students who live anywhere. Of course, they have to charge tuition to survive. Somehow, these schools keep their tuition to a minimum, and in addition, offer scholarship aid to low-income pupils. This helps explain why they often have so many low-income children. The Roman Catholic schools of California, for example, have a higher proportion of minority children statewide than do the public schools. Maybe private schools should be called public.[2]

Why will parents choose to send their children to a school which charges substantial tuition when these same parents may send their children to the local public school where everything is free?

Catholic schools which charge tuition can exist side by side with free public schools because of what we might call "the miracle of the shopping mall." The stores in this imaginary educational shopping mall are the schools, public and private. The parents are the shoppers. These parents may visit the anchor store (public school) and will note the excellent facilities, the latest equipment, and the friendly atmosphere. The parents also will quickly ascertain that many financial benefits are available, namely, a generally free education, with no tuition, no book bills, and no fees

for extra services. These services are supported by all taxpayers, including parents who have no children in the public school, and parents whose children may be attending private schools.

The parents, while generally impressed with the public school, may also want to visit that smaller shop in the educational mall, the Catholic school. Their visit here also may be a pleasant one, but in discussion with the "proprietors," the parents learn that a standard tuition is charged, together with additional fees. There also is a textbook charge, unless the school is located in one of 16 states that have textbook loan programs. Parents also will need to arrange for their child's transportation to school, unless they are fortunate enough to reside in one of 27 states which assist in some form of bus transportation. The parents also may be reminded that they will be expected to donate time and effort to school fund-raising and development programs.

Parents realize that many of the fine things which are available to public school students are the result of some of the taxes which they are paying. Thinking parents weigh this concern; should they take advantage of what the public school so freely offers, or should they enroll their children at a Catholic school where no educational benefit from their tax dollars will be recognized? Is it not a miracle that a small shop (Catholic school) can stay alive when the financial benefit of the public school is so favorable to the parent? What is it that keeps such a school and school system alive?

The answer is that the Catholic school has something unique to offer. Parents choose this school because they expect to receive something special which is not available to them at the free public school. Catholic schools exist because they have a special mission, a God-centered philosophy, and the ability to translate these ideals into practical curriculum, teaching, and faculty encounters with students. This uniqueness is the Catholic faith permeating the life of the school, and it is supported by a strong academic program.

Parents see the purpose of the Catholic school as fusing the best of academic teaching with the best of religious influence. Parents want a school which will equip students to cope intellectually and morally with the problems and

challenges of contemporary society. They want a school which addresses the seemingly deadpan neutrality stance on the prevailing academic, religious, and sociological philosophies of the day. This is why parents will pay for such an education. This unique quality is vital to the survival of the Catholic school. When parents cease to see their Catholic schools as "different," then they will no longer support them.

The same kind of thinking is responsible for the growth of all private schools. Clients of education generally regard education as an investment and act accordingly. Parents who choose to send their children to a tuition-charging school rather than to a "free" public school are making an investment in their children's future, in an outcome preferable to what they believe might result from accepting a free public education. They may be interested in a particular value education or in a religious education, but whatever their motives, they are convinced that a difference in quality exists.[3]

Catholic school enrollments have dropped since their high point of the mid-1960's—more than a million students lost in one decade—but they dropped for some of the same reasons the public schools' declined, namely, a drop in the birth rate. This, among Catholics, coupled with decisions by the church hierarchy to reduce capital outlays and increase tuition charges in parish schools, made decline in enrollment inevitable. It appears that Catholic school enrollment has leveled off. There may even be a slight increase in the mid-1980's. Enrollment in other church-related schools continues an upward trend, which began in the 1970's. For some reason, or set of reasons, more and more Americans are deciding to buy something that is otherwise available free.[4]

The struggle for uniqueness brought Catholic schools into existence. Catholic schools arose in the United States because many of the religious and educational leaders of that early day felt that the public schools of the country were really Protestant schools. The early educational pioneers, who started their own Catholic schools, soon found that their requests for financial support were not to be honored. They

would need to support their uniqueness. Catholics wanted something special for their children's education, but they were not in total agreement as to how this should be done.

Some compromise efforts were attempted with the public schools, notably the efforts of Archbishop John Ireland of St, Paul, Minn. It was his plan to develop a single school system in America for both Catholics and Protestants. This system would be supported by taxes and have both religion and secular subjects as part of the daily curriculum. His vision was that of a common school system for Catholics and Protestants, publicly financed and publicly managed, which would band the Catholic immigrant and the established Protestant into a strong force for democracy in America.

It was Archbishop Ireland's view that the parish Catholic school was needed only when the public school was not able to deliver the religious part of the curriculum. Ireland's preferred plan was for local school boards to "rent buildings formerly used as parish schools" during school hours for the purpose of running a state school. These schools would be controlled and examined by the superintendent and school board, but there would be a "tacit understanding that so long as the teachers in those schools, Catholic in faith, pass their examinations and do their work as clearly and loyally as other teachers under the control of the board, teachers of another faith shall not be put in their places."[5] There would be no teaching of positive religion during the school hours. This would be done outside the hours for which the buildings were leased to the board.

Similar plans were operating in several American cities at this time. The Lowell Plan in Massachusetts (1831-1852), prior to the 1884 Council of Baltimore decision regarding Catholic schools; the Poughkeepsie Plan in New York (1873-1898), which preceded the council and remained an educational program for a number of years after the council; and Archbishop Ireland's Faribault Plan (1890-1892), after the council, all quite similar in their cooperative arrangements with public schools, gave way eventually to the growing interest of Catholics to set up their own system of education.

The weight of influence was toward the need for a separate

system of education for Catholics in America. The immigrant Catholic parent was working a 12 to 14-hour day and struggling with a language and cultural adaptation. Parents really were unable to give their children the religious and educational support in the home. A separate system of Catholic education appeared to be the best solution.

So it was the Third Plenary Council of Baltimore in 1884, with 14 archbishops and 60 bishops of the country assembled, that formulated some strong statements on the future of Catholic education in the United States. Some statements from Decree No. 199 of the council set the stage for a permanent Catholic school system and the corresponding responsibility to support this system.

I. Near each school, where it does not exist, a parochial school is to be erected within two years from the promulgation of this Council, and it is to be maintained in perpetuum, unless the Bishop, on account of grave difficulties, judges that a postponement may be allowed.

II. A priest who, by his grave negligence prevents erection of a school within this time, or its maintenance, or who, after repeated admonitions of the Bishop, does not attend to the matter, deserves removal from that church.

III. A mission or a parish which so neglects to assist a priest in erecting or maintaining a school, that by reason of this supine negligence the school is rendered impossible, should be apprehended by the Bishop and, by the most efficacious and prudent means possible, be induced to contribute the necessary support.

IV. All Catholic parents are bound to send their children to the parochial schools, unless either at home or in other Catholic schools they may be sufficiently and evidently certain of the Christian education of their children, or unless it be lawful to send them to other schools on account of a sufficient cause, approved by the Bishop, and with opportune cautions and remedies.[6]

Orestes Brownson, editor, philosopher, convert, in the mid-19th century, felt that the Catholic school system would start from an inferior position, but in a short time the schools

would assume their true character and position and exert a truly Catholic influence. It is this truly Catholic educational and religious influence that is the school's unique quality. This is the reason that people will tax themselves to support such a system. This is why such schools are labeled "private."

It is somewhat ironic that the Catholic school system, which wanted to remain so separate from the common schools (public schools), has now been described as coming closer to the ideal of the early common school. This was done in the Coleman Report of 1981. It is indeed a compliment to our system, which has reached out to serve the public in a way that the public school system in some areas has been unable to do.

James Coleman, in commenting upon his findings, states that among Catholic schools, achievement of students from less-advantaged backgrounds—blacks, Hispanics, and those whose parents are poorly educated—is closer to that of students from advantaged backgrounds than is true for the public sector. Family background makes much less difference for achievement in Catholic schools than in public schools. This greater homogeneity of achievement in the Catholic sector (as well as the lesser racial and ethnic segregation of the Catholic sector), suggests that the ideal of the common school is more nearly met in Catholic schools than in public schools.[7] Approximately the same percentages of minority groups in the total school population will be found in all segments of the school academic programs. There is less segregation within the Catholic school.

Summary

1. The labels "public" school and "private" school are sometimes misleading. The first is often perceived as "open" to everyone, and the latter as "exclusive."
2. Public schools are "public" because they are funded by public monies (taxes), but may be quite private in that they serve a specific geographical area (school district).
3. Private schools, of which the Catholic school system is a part, are financed by private funding (tuition, subsidies, donations), but may reach out to the public beyond parish boundaries, especially at the secondary level.
4. The "miracle of the shopping mall" expression indicates that it is nothing short of spectacular for Catholic parents to forfeit the use of their tax dollars in order to pay for an elementary or secondary education which they can get someplace else for nothing.
5. Parents choose Catholic education because of its unique quality. The Catholic school is the only school where the Catholic faith permeates the life of the school and is infused with the best of academic teaching and social concern.
6. It was the struggle for uniqueness which brought Catholic schools into existence. Many of the Catholic leaders of the late 19th century were of the opinion that the public schools of the day had too much of a Protestant flavor to them.
7. The Catholic community had differing views on how to address the issue of Catholic education.
8. The Council of Baltimore, in 1884, outlined the official Catholic Church position. A permanent Catholic school system was to be established. Pastors were directed to establish the schools, and parents were commanded to support the system by participating in it.
9. Research today has highlighted the Catholic school's ability to reach out and serve the less advantaged (especially in inner-city schools), and to bring the minority to full

participation in all school programs. This is what the early common (public) schools were attempting to do.

2. TUITION ARRANGEMENTS AND ALTERNATIVES

Parents who select public schools for their children are free from financial concerns about their children's education. Their taxes support the public schools. Parents who choose Catholic schools for their children know that a user's fee—a tuition charge—will be the first of perhaps many assessments, in lieu of public tax support.

Knowing how public schools are financed gives a better appreciation of the heroic task that Catholic parents and schools have undertaken to support this alternative form of education.

In general, financial support for public schools will come from state aid, local property taxes, and federal monies. Figures such as 50 percent state aid, 40 percent local tax support, and six percent federal aid programs might indicate a particular school tax support breakdown for a state. It is difficult to arrive at a national average because of the diversity of state funding procedures. For example, Alaska and Hawaii do not use local support, but instead give total state funding support to their public schools. Generally, it may be observed, states are moving to greater general state support in attempts to equalize educational opportunity for all students in the states, and to deal more justly with the low income areas of the states.

Catholic schools and Catholic parents, while contributing to the state, local and national tax base, are not free to use these contributions to any meaningful degree. Alternative forms of financing must be attempted, and Catholics have seen this financing take many forms.

Tuition usually comes to mind as the source of Catholic school financial support. Tuition, however, plays a more

significant role in secondary schools than it does in elementary schools. Tuition and fees for all types of Catholic high schools, private, diocesan, and parochial cover approximately 68 percent of the student cost of education. Tuition and fees make up about 40 percent of the cost of a Catholic elementary student's education.

The cost of a student's education must be determined before tuition can be realistically set. This cost per student is the amount of money that a school must generate to balance the expenditure. Catholic elementary student costs range from $582 in the New England states area to $719 in the Plains states. Average Catholic secondary school per-pupil costs for 1980-81 ranged from $1154 in the parish school, $1172 in the diocesan high school, to $1257 in the private high school.[8]

Tuition, which covers only a portion of these costs, may be set by the school administration, the school board, the pastor, a religious community, or it can be a shared decision with parents being part of the planning group.

Ultimately, many factors go into the decision to arrive at the selected tuition assessment, including the feeling that parents simply cannot afford the total tuition costs directly, and that a reasonable compromise must be made.

This policy in the Catholic sector contrasts with the views of some headmasters in independent schools (not religiously-affiliated, generally). An editorial in an independent school publication expressed the opinion that tuition should pay all day-to-day operational costs of the school. Fund-raising of various types should be used to enhance the operation and should not be used to cover deficits in tuition payments. The writer states that models which tout tuitions well below expenses are outmoded. These models are described as legacies of the 19th century when schools enjoyed benefactors whose wealth and generosity were not limited by tax structures. Parents today will find it advantageous to pay minimal tuitions and receive tax benefits from donations above and beyond.[9]

Catholic schools have long been modeling financial programs which peg the tuition cost below the actual per-student cost. The reasons might not always be crystal clear,

but the effect of this policy is important for any discussion on present-day tuitions. Catholic parents have been educated through the years to pay less than the actual cost of the education for their children. The schools have been left with the problems of making up the yearly deficits. In addition, schools have been generally remiss in informing parents of actual student costs. To set tuition costs now at the actual pupil cost would be such a terrific financial burden for the parents that many could no longer send their children to Catholic schools. However, tuitions eventually must become more realistic and edge ever more steadily toward covering more of the actual school operation costs.

Many Catholic schools, because of this low tuition casting, have really under-rated themselves over the years. These schools have achieved educational respect and community recognition, and were in a position to charge a more realistic tuition but did not. Parents could have paid more tuition and the schools could have become even greater with this help.

The reality is that Catholic schools now peg tuitions at a percentage of the actual student cost. Suppose that the cost per student in a given school is $1000. The administrator or school board might wish to cast the tuition at a figure where it is felt the majority of the parents can pay, $700 for example. This means that every student receives a "scholarship" of $300, which must be financed from other sources.

Some schools, especially elementary schools, are given subsidies (parish or diocese grants). Again, once the amount of this subsidy is known, tuition costs can be set. If the cost of education is $1000, and the subsidy is $600, the tuition may be set at $300. Each student in this case would receive a $100 scholarship, to be supported by other means. In this case, the subsidy and the tuition could cover the entire costs if both totaled the cost of the child's education, and thus fund-raising could be eliminated.

Ninety-five percent of Catholic elementary schools set their tuition in one of the above ways. High schools also, with few exceptions, determine their per-pupil cost and then set a tuition that covers as great a percentage of this cost

as it is realistically felt the school clientele can afford.

Some observations made in the *Elementary School Finance Manual* on this traditional tuition mode highlight an interesting feature of this across-the-board approach.

> The high popularity of this traditional method, about 95 percent of the Catholic elementary schools use it, is probably based on its simplicity. Tuition has many of the dislikeable earmarks of taxation. Hence, its acceptable increases seem to depend on the user agreeing to the need.
>
> Since Catholic elementary schools, like their government school counterparts, started out with the rock bottom little red schoolhouse financial approach, the road to improvement is financially all uphill. This necessitates simplicity for acceptance and thus readily explains why 95 percent of the schools are on the simplest method.
>
> However, just as the government programs subsidize the rich as well as the poor regardless of the need for subsidy, so this pricing formula in effect gives the rich, needed or not, and the poor, needed more or not, the same subsidy from parish and fund-raising.
>
> To understand what is happening, reverse the common thoughts about tuition and subsidy and consider the idea that the user should bear total costs and that scarce Church dollars should be frugally applied and only where most needed. Once tuition and subsidy are seen in this light, it is easy to understand how the traditional pricing formula—if left as is—applies subsidies to those who may not even want, much less need, them. Hence, some educators are looking at other pricing formulas.[10]

One of these other pricing formulas—"negotiated" or "fair share" tuition—permits school officials and parents to discuss the school and family finances in a special interview session. The school administrator, or selected negotiator, discusses the per-pupil cost, and after listening to the parents explain their financial situation, assists them to make their commitment to the school. The tuition is determined by the parent, the user, in cooperation with the school administra-

tion. Both agree on a tuition charge which appears equitable.

The traditional system of tuition assessment gives every parent the same scholarship or subsidy, and some parents simply do not need this financial assistance. The negotiated plan allows these parents to make a greater contribution and also permits parents who are unable to afford the entire per-pupil cost to enroll their children in Catholic schools with dignity.

The negotiated tuition plan has been used with success in many areas. Some parish schools have boosted their total tuition revenues as much as 15 percent, while in Denver, where Catholic elementary and secondary schools have been negotiating tuition for about five years, school revenues are up 21 percent. However, negotiated tuition may not work in each school setting with the same degree of success. One school in Indiana experienced a setback with negotiated tuition. More than 50 percent of the parents pledged tuitions of less than $800 even though the total cost for each student was $1500.[11] Careful planning, good school climate, and experienced and personable interviewers are needed for this program.

Another method of tuition collection —"prepaid tuition"— is attracting attention in some parts of the United States. The plan, in brief, works this way. Suppose the school administration determines that a $100 increase in tuition is needed for the next school year. Instead of just adding the $100 and notifying the parents of the increase, under this system, they would pay the regular tuition (no increase) by July preceding the next school year. The school, together with an understanding and cooperating local bank, grants a loan at favorable interest to all parents who cannot afford to pay the entire tuition in advance. Under this plan, parents who borrow from the bank pay an interest which is actually less than the envisioned $100 tuition increase. The school, having invested this advance tuition at an attractive interest rate, can avoid raising tuition by using the interest in place of the proposed tuition increase.

There are some schools, especially in smaller rural communities, which charge no tuition. The parish church supports the school from parish funds. Parents may realize some

tax advantage because of their contributions to the parish. This arrangement, however, must be a clean operation, and the parents cannot be obliged to contribute a certain amount as their school tuition payments.

A statistic that should cause concern to all who are responsible for the financing of Catholic schools is the number of homes in the United States, which have children of either elementary or secondary school age. The present figure is estimated to be 23 percent. In some cities, the figure is lower, as in St. Paul, Minn., where only 18 percent of the homes have school-age children. This means that the number of parents who are school users is declining and therefore, the basis for tuition support is eroding. Other means must be found to help the Catholic school system. These household figures will also affect local district support for bond issues for public schools.

This shrinking market base forces Catholic schools to seek ways to broaden their sources of funding. Responsible school management and stewardship requires that Catholic school leaders do this. The effort to broaden the support base for Catholic schools comes also from motives that are not strictly financial. Dr. Mary Angela Harper reminds Catholic educational leaders that neat and convenient as tuition users' fees happen to be, they are also in direct opposition to the spirit, vision and directives of the bishops' pastoral, *To Teach As Jesus Did*. This document maintains that every member of the church must be involved in and support its educational mission from which all profit, either directly or indirectly.

Harper envisions this approach as applicable to Catholic education at any level. In this discussion, however, support for Catholic schools from the total faith community will be highlighted as an elementary school support venture, because most Catholic secondary schools are too independent for direct application of this total funding principle. However, it remains an ideal.

The thesis of Harper's presentation is that Catholic schools should not be financed by their patrons only. The users, of course, could bear a larger share of the operating costs through tuition. But, proponents of this plan feel that reasonable faith community financial support, in addition

to being a moral obligation, is also appropriate, right, and just, on the basis of service received.[12]

One very successful endeavor which addresses this financial responsibility as a total faith community affair is "sacrificial giving." This tithing approach to parish support benefits all parish programs, one of which is the parish school. Sacrificial giving is biblically based, rooted in the Old Testament, and reinforced by the teaching of Jesus and the example of the early Christians.

Father Joseph Champlin, vicar for parish life and worship in the diocese of Syracuse, N.Y., has spearheaded the Sacrificial Movement in the United States. His basic request is that parishioners consider giving back to the Lord a share of what God has given to each person. This would be a gift, with some bite in it—10 percent of one's gross income being the target amount. Five percent would be given to the parish and five percent to the world's poor, or to some other individual option. Tuition for Catholic schools usually fits into this second five percent.

Champlin explains that parishioners are asked to change in an essential way their basic decision-making process which determines how much each will give to the church and to others. Not all will, however, choose to tithe. A parish program with as many as 30 percent of its people committed to tithing would be unique, but the message to return to the Lord a portion of one's income has been truly heard by most.

This special plan has reached 51 parishes, or one-third of the churches of the Syracuse diocese. The total increase for all these 51 churches was about $50,000. Multiply this amount by 52 weeks and an impressive $2,600,000 in added funds is available for the parishes. The prospects are staggering for the universal church. An extra $500,000,000 for general church support annually, given through the sacrificial giving program, would certainly ease pastors' burdens, strengthen the Catholic school system, facilitate the expansion of lay ministries, promote social justice, foster evangelization, and assist Third World developing countries.[13]

It appears that Catholics, as generous as they have been

to all church and school concerns through the years, have not been urged to give through such a high motive as the gospel-based sacrificial giving program encourages. This, in addition to its emphasis on alms giving, is a most dignified church and school support.

23

Summary

1. Public schools are financed generally by combinations of state aid, local tax support, federal programs, and business support.
2. In Catholic schools, tuition covers only a percentage of the total student cost, so other funding is needed. Independent schools usually peg the tuition at the total educational cost.
3. One pricing formula which permits the parents to be involved in tuition price-setting is called "negotiated tuition," or "fair share tuition." An agreement on the amount to be paid is reached between the parents and the school representative.
4. A "prepaid tuition plan" is being used in some areas of the country today. The money is invested, and the interest is used in lieu of increasing tuition. Parents who cannot afford to pay the entire tuition in advance are granted bank loans at a favorable interest rate.
5. Some schools charge no tuition. The parish supports the school from church funds. Parents may realize some tax advantage because of their contributions to the parish through this procedure.
6. There appears to be stronger emphasis being placed on the need to have the total Catholic community support the Catholic school system today.

3. SUBSIDIES, CONTRIBUTED SERVICES, COOPERATIVE VENTURES

As important as tuition and fees are for Catholic elementary school support, the major source of funding for these schools has been the parish subsidy. Since 95 percent of Catholic elementary schools are parish-related, and, since the school has always been such a vital part of parish life, this is to be expected.[14] At the secondary level, tuition and fees are the greatest sources of income. Subsidies for secondary schools at the parish level (only 30 percent of secondary schools are parish-related) and at the diocesan levels, while valuable where they exist, are not generally considered to be a primary source of support.

Subsidies are funds transferred to the school from parish, diocese or religious order sources. These subsidies, backed by modest tuition charges and a small percent of fund-raising, complete the elementary school financing. At the secondary level, fund-raising/development contributes a significant amount of income to fill the gap that tuition does not cover. In some cases, the parish, diocese, or religious order completes the amount necessary to balance the budget.

Another source of school income, which must be acknowledged is called "contributed services," the dollar value to the school of the donated services of religious community members and diocesan clergy. These contributed services brought the Catholic schools into the position of prominence which they now enjoy. Parish and diocesan subsidies were a tangible statement of appreciation for the services of the religious and clergy in the schools. These two, subsidies and contributed services, were a powerful force

in establishing a sound financial school operation through the years. However, these two sources of income are in jeopardy. Further, contributed services as a source of support may even be on the endangered species list in many sections of the country.

Catholic school funding is continuing to undergo a profound change in both its income source and in its expenditures. Catholic schools are in the midst of a transition, the results of which may not be fully realized for many years.

During the past decade there has been a rapid decline in what may be called the Catholic school subsystem support. The Catholic elementary schools in most sections of the country at one time were really "sisters' schools." Religious communities handled all school personnel concerns, teacher training programs and principal inservice, set school policies, and appointed teachers and school administrators. The parish subsidy was the financial support of the system, together with the contributed services of these religious. Today, with the decline of religious in the school apostolates, pastors, parish councils, and school boards must deal more directly with all of these concerns. The secondary schools likewise had their subsystems of sisters, brothers, and priests. The work that these educators did is now done in many cases by school boards, parish ministers, and other personnel.

In addition to this change, elementary schools may be serving a smaller percentage of the parish community as school enrollments decline. There also are increased pressures on parish councils to provide funds for other parish activities as parish programs expand to meet the new needs of the parish. This expansion calls for more financial resources, not only to pay for new programs, but also to cover salaries of the people who direct these programs. The financial squeeze is felt in all areas of parish life.

These developments will have a profound influence on both school subsidy arrangements and on contributed services as sources of income for the school. There is no great parish trend, at this writing, to indicate that a sharp decline in school subsidy is just around the corner. However, since parish councils and school boards have only a brief history

in dealing with this concern, trends may not be leading indicators of what might be. A crisis situation in any area of parish finance, or a change in key personnel, could cause an abrupt change in school subsidy allowances. The loss of contributed services was rather abrupt and their loss was, in many cases, the reason why many schools ceased to exist. The loss of subsidy could take schools in the same direction.

The impact of subsidy reduction, because of other parish concerns, will not necessarily have the same impact across the country. Each school will need to understand that it is on its own and must represent its own cause within its own parish structure.

Regionally, the South and West have the lowest parish subsidy percentages. The Great Lakes and Plains regions receive about one-fourth of their revenues from tuition/fees and about two-thirds of their income from parish subsidies.[15] Certain schools are more dependent upon subsidies than others, and these schools will feel the results of any financial switch in subsidy allotment more than others.

The contributed service picture does not look promising as a continuing financial help for the future. The financial advantage of contributed services as a school mainstay was that the religious was paid a stipend for his/her services. The stipend was the same dollar amount for an experienced teacher with a master's degree and 20 years of teaching experience as it was for a beginning teacher. In addition, many extra school services were provided gratis by these religious. The actual dollar amount of contributed services is figured by adding the stipend paid to the religious and the personal expenses covered by the parish, such as housing and transportation, and subtracting this amount from the salary which is being paid to a lay teacher doing the same work in the school and possessing the same academic credentials.

As the number of religious decline, this arrangement is no longer a "paper transaction." As each religious leaves the school to be replaced by a lay teacher, the school is exchanging a stipend payment for a full salary payment each year. As religious leave the schools, many thousands of dollars are added to school expense each year.

The decline in contributed services has been part of Catholic school finances for a few years. In some cases, the financial adjustment has been made gradually. In other cases, schools have closed. Today, a reverse twist is even occurring in some areas with contributed services, and parish councils and school boards must deal with it. This is the case where a parish has a rather large convent, in which only a few religious, who are working in the school, reside. When the cost of maintaining the facility nullifies any gain of contributed services, a decision must be made. In some of these situations, it will be found that contributed services, once such a terrific support of the school, may now have declined to the point that the arrangement is no longer a financial help to the parish. The presence of religious, which is much needed in school life, today may be preserved only by other financial arrangements. As a solution, a religious might receive a regular lay salary in lieu of the contributed service arrangement.

Subsidies will continue to be an important part of elementary school funding, but the degree to which the parish councils will continue their preference for the schools over other emerging parish programs is not known. Local circumstances, interests, and pressures will dictate the action that will be taken by the parish councils. Some parishes may keep school subsidies as their priority. At the other extreme, some may eventually decide to turn the parish schools over to boards to be run independently of the parish. The parish in these latter cases may donate the school building to the board and thus free itself from the financial burdens of the school. It is presumed, though, that most schools will be somewhere between these two positions, but still at the mercy of the parish councils.

If one cannot rely on the supports of the past, new arrangements must be created. "New money" must be found, that is, money from sources that have not as yet been tapped. Cooperative programs must be explored, and sound financial management must be ever present. The "new money" must come from fund-raising/development, including grants and foundations. (The development aspect of school finance is treated in another booklet in this series.)

One unexplored area of cooperation is the possibility of sharing teachers, outside speakers, programs, and facilities with other private schools. Cooperative ventures have fine possibilities for increasing offerings and services, and for doing so without a great increase in funding. This cooperation with other private schools not only is a good move from a financial perspective, but also appears to be a course of action that will strengthen all private schools in the mind of their publics.

Private schools are generally not in conflict with one another. Research seems to indicate that parents who enroll their children in independent schools do so because they want strong academic standards, with a variety of special courses and educational opportunities being provided. Catholic parents generally choose a Catholic school because of the academic quality of the school, with religion and values as supporting reasons. For parents who choose other church-related schools, values and religion are most often given as the primary factors in their school selection. Each type of school has a distinct constituency which overlaps little with the other two.[16]

The opportunities for cooperative programs at a cost savings to all are great. It is ironic that the only real conflict that might be anticipated may be within the Catholic school sector, especially at the secondary level where recruiting territories overlap. Enrollment is equated with financial stability, so the conflict has financial roots.

Catholic schools, being private, are better designed than public schools to enter into cooperative ventures with the business community. Catholic schools operate as individual entities and do not depend upon a system's approval to take advantage of collaborations with business. The Catholic school decision-making chain is not complex. William McCready of the National Opinion Research Center of the University of Illinois, observes that Chicago public schools, with 500,000 students, employ 2,500 administrators, while Chicago Catholic schools, with 250,000 students, employ 35 administrators. Private schools employ fewer administrators not because they are more virtuous, but because they cannot afford more.[17]

In addition, the sense of community, school flexibility, and freedom from some licensure constraints make Catholic schools an ideal place to begin cooperative programs with the business community. A computer programmer, chemist, scientist, or mathematician could teach a course in the Catholic schools as part of a firm's public relations program. The problems with state licensure and union negotiating, so much a part of the public system, should not deter Catholic schools from taking the initiative in such programs.

There may be opportunities for industry-based training cooperative programs also, especially in schools in urban settings. This arrangement may not have the benefits of the school-business collaboration approach, because many industries prefer to hire employees already trained and educated. However, some schools may be in a favorable position to at least explore the possibilities of such cooperation.

Good financial management within each school is a must if a school is to survive and be effective. Efficient ways of doing things must be found. Sound financial procedures must be in place. New sources of income must be explored. Costs must be analyzed. And amid all this, it must be understood that Catholic school teachers must be looked upon as a human resource and not as a financial liability. The system cannot remain healthy if Catholic teachers remain underpaid. In addition, all people who are associated with Catholic schools must understand that they are the stewards of the elementary and secondary school wealth. The school's resources are to be used for the purposes for which the school exists.

The greatest expenditure (about 75 percent) in elementary and secondary education is for salaries and fringe benefits, including teaching and administration. Plant costs, including salaries, utilities, maintenance and insurance, account for another 20 percent of expense. Program expenses (administration, instructional, and activities) account for approximately five percent of the operating costs. These figures do not include any capital expenditures or debt payments.

Frugal management, low teacher salaries, and parent support have enabled the Catholic schools of today to educate

a child at a cost that is substantially below the cost of educating a student in the public schools. In addition to the above, one reason for the cost differential is the economic inefficiency associated with monopolies. Another is that the public school teacher is more likely to belong to a union than the private school teacher.[18]

The seriousness of Bruno Manno's remarks to the House of Representatives Committee on Education and Labor in 1981, and the focus on public financial support for private education, set the framework for Chapter 4's discussion of public school, state, and federal programs. These programs could help the struggling Catholic parent of school-age children to take the Catholic schools into the 21st century on a positive note. However, the financing of these schools may be quite different from what we now know it to be.

> There is no doubt in anyone's mind in the Catholic school community that one of the gravest—if not *the* gravest— problems facing Catholic schools is finances. One of the major reasons schools have not been built centers around the enormous capital outlay this requires and the fear of run-away operating costs. These operating cost fears are further magnified in the Catholic school situation by the increasing lay staff and the decreasing amount of contributed services.
>
> The financial data available clearly paints an overall bleak picture in spite of the somewhat more positive picture emerging out of the enrollment data. The difficult and, admittedly, explosive public policy questions connected with the problem of financing private education can no longer be avoided if private education is to continue to play the historic role it has in America—that of offering parents the opportunity and option of exercising the constitutionally guaranteed right to choose that form of schooling which mirrors their religious and moral value orientation.
>
> In closing, let me state once again that the Catholic school community is committed to educating those students entrusted to it in the highest values and principles for which our country stands. It does this, not in conflict with the public school community, but in

partnership. We believe and will continue to act in a manner which sees the unifying factor in our diverse approaches as the student and the nation we serve.[19]

Summary

1. Subsidies—funds which are transferred to the school operation from parish, diocese, or religious order sources—are the greatest financial resources for Catholic elementary schools generally.
2. There is increasing pressure on parish councils to provide funding for many parish activities other than schools. The impact of a possible subsidy reduction on school financing will vary from school to school. Much will depend upon how strong a case can be made by the school administration for continued strong support.
3. The dollar value to the school for the donated services of religious community members and diocesan clergy is called "contributed services."
4. "New money" must be found as the older sources of school finance become overworked. Creative fund-raising, development, grants, and foundation sources must be explored.
5. Cooperative programs with other private schools is a possibility. In general, schools established by different religious denominations are not in competition with one another for students.
6. Catholic schools, because of their local management and sense of community, are in a favorable position to initiate cooperative programs with the business and, also possibly, the industrial community.
7. Good financial management is a must if the schools are to be effective. This financial management must include a review of teacher salaries. Schools cannot remain healthy if teachers remain underpaid.

4. PRIVATE AND PUBLIC COOPERATION PROGRAMS

Do Catholic parents receive any benefit from their tax dollar for the education of their children in the Catholic elementary and secondary schools? The answer is "yes," but the degree of such a benefit depends upon the extent of cooperation at the public school district level, the flexibility of state constitutions, the progressive attitude of the state legislatures, and the ability of the student to qualify for special programs funded at the national level.

Catholic and Public School Cooperation— Local Level Programs

The success of many partnerships at the local level attests to the possibility of even greater cooperation at this level and the extension of such ventures to school districts, and even to the state and national levels.

Programs at the local school level, which have been of assistance to the private schools in allowing them to offer services otherwise not available, have been "shared-time" programs which exist in schools throughout the country. Public schools also gain financially from cooperating in such programs by getting more state or local financial assistance. Shared-time programs have taken many forms, beginning with the Lowell, Poughkeepsie, and Faribault plans in the 1800's, to vocational training programs which offer shop and home economics courses, to sharing in foreign languages and advanced science programs. In these shared-time programs, Catholic school students join public school classes for specific

courses which are not offered in the Catholic school. The financial savings to the Catholic school in teacher salaries and equipment can be substantial.

Another variation of the shared-time arrangement, and a program often confused with it, is the "dual-enrollment" concept. In dual-enrollment programs, students actually are enrolled in both the public and the Catholic school. The students are members of two school worlds, the public and the Catholic.

The implications for greater inter-school cooperation and for financial benefits to both schools are great under the dual-enrollment program. Students may attend the Catholic school for half the school day and attend the public school for the other half. The Catholic school, therefore, needs to hire only half as many teachers, can operate a school half the size as would ordinarily be needed, and can save substantially on school furniture and equipment. The public school gains in additional state foundation aid because the school's average daily attendance is increased. Both schools, public and Catholic, also profit from the bonding that this relationship brings to the neighborhood community.

It appeared during the mid-1960's that dual enrollment might be a viable educational program for the future. The idea took form as educators studied ways to relieve the Catholic school parent from the demands of an ever-increasing tuition formula. Dual-enrollment programs were developed at a time when the Catholic school enrollment was at its highest, and it appeared that many new schools would need to be built. The programs actually were put into operation, however, as enrollment started to decline after the mid-1960's.

One dual-enrollment program, the Chicago, Ill. St. Paul Catholic High-John F. Kennedy Public High program (1965-1977) was the largest of such experiments on the secondary level. St. Paul's, with an enrollment of slightly over 500 students at its highest, interacted with Kennedy High, a school of over 2500 students. All of St. Paul's students attended Kennedy for half of their courses.

With dual enrollment in mind, St. Paul High was designed to hold a maximum of 900 students, but since only 450

students were expected to attend at any one time, it was built half-size. The school had no language labs, no cafeteria, and no gymnasium, because these facilities were available at Kennedy High School. The initial saving on construction was great, and since only half the total school enrollment attended St. Paul's at one time, the needed number of faculty was reduced 50 percent. St. Paul's students paid a tuition equal to one-half of that charged in nearby Catholic schools and Kennedy High received state reimbursement for the students from St. Paul's, so both schools profited financially.

The program was short-lived because it succumbed to conditions outside of its immediate control. Enrollment at St. Paul's gradually declined because the school's attendance area was limited to the same attendance area as the public school. Seven other Catholic schools drew a proportion of their enrollment from this same territory. Many parents, while accepting some of the ideas of dual enrollment, preferred a full-time Catholic high school if it was at all within their means. St. Paul's was left to serve a minority of the Catholics in the area. This number was not sufficient to guarantee the school's financial stability, and the school closed.

Another dual-enrollment program, St. Anne's Elementary and Secondary Schools, in Warren, Mich., began at the same time as the St. Paul-Kennedy program. Elementary students at St. Anne's received the "public school" part of their education in a separate wing of their own school building. The high school students moved to the public school for that part of their program. The high school phase of this program existed from 1965-1981, and the elementary program existed from 1965-1984.

The savings to the Catholic school and the Catholic parent were the same as for St. Paul's parents. In the three years since the high school program has been discontinued, St. Anne's tuition, although still quite modest, has tripled. In addition, if the school grows in enrollment, plans for a cafeteria and gymnasium will need to be considered.

The reason for discontinuing this program, which at one time was beneficial to both school systems, was that the financial advantages of the program began to dwindle. The

State of Michigan changed its formula for aid to school districts, and under the new arrangements, a greater burden for school support fell to the local school district. Dual enrollment was found now to be an extra cost, not an advantage to the public school. At the same time, St. Anne High felt that its enrollment would always remain low if it continued to be tied to a dual-enrollment program. Many parents within travel distance of the school preferred full-time Catholic education. St. Anne's has plans to attract this group of clients and increase its enrollment.

Dual enrollment represented a phase in Catholic education. The savings to the parishes and dioceses on school construction, and the tuition charges, usually half of what they were at a full-time Catholic school, were the most attractive financial features of the dual-enrollment programs.

Catholic Schools and State Relationships

The provisions in state constitutions that relate to private schools vary significantly from state to state. The amount of state assistance to private education is therefore quite varied also. A Congressionally-mandated study of school finance in 1983[20] describes state policies or programs which relate to private school students. This study indicates that the state constitutions range from very strict restrictions against any state contact with private schools to fairly permissive relationships. These provisions are clearly instrumental in setting the parameters of programs of state aid for private education and in shaping state regulations of private schools.

The reports used in this school finance study show that in 1982, the number of states which provided assistance for various services was as follows: health services (26); aid for the handicapped (17); textbook loans (16); transportation (27); guidance and counseling (9); instructional materials loans (8); psychological testing (14); remedial instruction (7); testing (11); and vocational education (23). The trend in the first four areas is toward an increase in state services. Often, these

services or funds for these services are provided as part of state programs that require comparable services (or funds) for public and private school students.

The study, commenting upon the interaction between state governments and private schools, cites some important points which emerge from the review of the existing literature on the topic:

> There is great diversity in state constitutional provisions that relate to private education as well as in the interpretation of such constitutional provisions.
>
> States provide different types of educational services to private school children, and the types and amounts of aid seem to have increased over the last several years.
>
> State aid programs that do not aid institutions directly and that apply equally to children in both public and private schools have generally withstood judicial challenge.
>
> Compared with state monitoring of public schools, private schools are subject to relatively little state supervision and regulations.[21]

This explains why students in one state may receive textbook aid and bus transportation, while in another state, the legislators describe such programs as unconstitutional. Some states will even reimburse its Catholic schools for the time and labor costs involved in filling out forms required by the state (mandated services), while other states seem to be strapping their private schools with more regulations without considering ways to help them financially.

Tax Deductions—State Level

One state, Minnesota, permits parents or guardians a tax deduction of up to $650 for school expenses in grades K-6, and $1000 in grades 7-12. This tax deduction is granted to parents who incur educational expenses at either the private or public school.

A tax deduction (state level) is not to be confused with the tax credit arrangement, which is being discussed at the national level. With a tax deduction, an amount is subtracted from the income which the parent has earned, thus reduc-

ing the sum on which the parent's total state tax liability is computed. A parent who earns $25,000, for example, and who is eligible for a deduction of $1650 (equivalent to one elementary and one secondary deduction in Minnesota), would pay a state tax on $23,350 instead of on the $25,000 figure. A tax deduction is an *indirect* reduction.

A tax credit is a *direct* reduction in the amount of tax parents would pay on their federal income tax. The reduction would be decided by the specifics of a tax credit law. The credit is computed by subtracting an amount from the total tax that the parents would otherwise pay. Suppose, again, that the parents earn $25,000 and, based upon standard deductions for the size of that particular family, had a tax due of $2800. If, also, the parents were entitled to tax credits for two children totaling $1650, they would subtract that from the tax figure of $2800 and pay a tax of $1150.

The tax deduction is a very modest savings to parents. In the one state (Minnesota) where it is operative, the average deduction per child is less than $30. Other states soon may move toward debating the issue of tax deductions in their legislatures. Of course, the states must have a state income tax or some other tax which would permit a reduction, and possess a receptive group of legislators. Private school parents, and other leaders, also must be willing to enter the public arena to speak strongly for such a return on their tax investment.

Federal Assistance to Catholic School Students

The participation of the federal government in elementary and secondary education historically has been minor. The degree of federal financial aid to public education might be pegged at around six percent of total funding. The private sector cannot generally expect much financial assistance from federal programs.

The National Defense Education Act (NDEA), which became law in 1958, included a provision of 10-year loans to private schools for science, math, and foreign language

equipment. The Elementary and Secondary Act (ESEA) of 1965 redefined the federal role in education and became the first federal program to contain provisions requiring federally-funded services for private school students. The breakthrough, which allowed congressional approval of ESEA, came in the form of an agreement on a child-benefit approach to federal aid between interest groups representing both public and religious school organizations. This aid was to focus on educationally disadvantaged children in both public and private schools. It was not considered aid to the school itself. The result of this agreement was that local school districts were required to make available to private school students educational services paid for by the federal government.[22]

The delivery system for federal aid to students in private schools was the local public school district, called in legislation, the local education agency (LEA). The only exception was that where state law prohibited involvement in programs for private schools, the U.S. Commissioner of Education was responsible for providing these program benefits directly. This procedure has become known as the "Title I by-pass."

However, despite the intention that private school students were to receive services under ESEA Title I, the extent of private school participation really depended upon the willingness of state and local education agencies to extend such benefits to private school students. Since 1965, the provisions relating to private school student participation in Title I have become increasingly explicit, and there has been a general inclusion of private school students in most federal education programs.[23]

An example of this more explicit directive appeared in the Vocation Education Act of 1968, which required the states to ensure that nonprofit private school students, whose education needs were of the type for which vocational programs were designed, received services on an equitable basis with public school students.

The Education Consolidation and Improvement Act of 1981 (ECIA) was designed as legislation whose purpose was to continue to aid state and local education, but to do so by

eliminating unnecessary federal supervision, direction, and control. The services now given are: Chapter I—the same provisions formerly granted under Title I: compensatory education; and Chapter II—the consolidation of 28 of the smaller categorical programs into a block grant.

Another federal program, not included in these chapter arrangements, is delivered through the Handicapped Children Act of 1975. The states must provide satisfactory assurance, that to the extent consistent with the number and location of handicapped children in the state who are enrolled in private elementary and secondary schools, provision will be made for participation of such children in programs assisted by this Act.[24]

There is little accurate information available on the degree of Catholic school participation in these federal programs. Catholic school participation in Chapter I programs, which focus on aiding educationally disadvantaged children, is declining, but, seemingly only in proportion to the general Catholic school enrollment decline. The majority of Catholic schools receive library book loans, but a much smaller percentage participate in the innovative projects available. Participation in federal vocational education programs is very low because so few Catholic schools have vocational education programs. Some research indicates that, although federal rules provide guidelines and criteria for program operation, it was the local interpretation of guidelines that determined the extent of private school involvement in most federal programs.

Other reasons for low private school participation in federal programs are the failure of the state to monitor LEA assurances that private schools are being equitably treated, failure to provide technical assistance to private schools, the competitive nature of a few of the programs, and the unwillingness of private schools to actively pursue their fair share of the funds. In addition, private school officials were found to be generally uninformed about some of the planning and design programs available to them.[25]

Federally-funded programs for education, either in the public or private sector, have always been limited in scope. Public schools have relied on state and local support.

Catholic schools have relied on tuition, subsidies, contributed services, cooperative ventures with public schools, fund-raising and development for their support. In addition, Catholic school participation, in a meaningful way in federal programs, appears to be on the decline. If Catholic schools are to be helped financially to any great extent by the federal government, new initiatives in public funding will need to be found.

Public Funding—New Initiatives

When proposals for public support for private school children are introduced, discussions are value-laden, usually emotional, and politically charged. But, there is no compelling reason to believe that the only way for the government to support education is to own and operate schools.[26]

There are some educators today who argue for less government sponsorship of education. Their basic contention is that the state need not operate schools. The state monies could be given to other agencies, private companies, as an example, to train students in special skill areas. A computer company or a business firm, with trained personnel and specialized equipment, could do an excellent job in training computer technicians and business managers for the future. These leaders feel that it is unwise to continue to spend money within the public school system when private educational enterprise might be a better investment. Greater expenditure in the public sector, in their opinion, is somewhat like spending money to "fine tune the stagecoaches." This may be considered radical thinking in some circles, but it is introduced to show that the present public school monopoly is not something that has to exist. Examples of business and school partnerships are already in place in some communities. The Houston public school-private sector partnership and the Connecticut mathematics project are examples of this forward thinking.

One theme that emerges in such educational experiments, according to the research of Marsha Levine and Denis Doyle, is that the public sector has a good deal to learn from the

private school system. The virtues of private and secondary education flow from a few simple variables. First, private schools are voluntary organizations of teachers and taught; typically they are heterogeneous in student body, but homogeneous in values. Second, they are virtually unregulated and nonbureaucratic; the exercise of informed judgment by all members of the private school community is expected as a matter of course. Third, they are almost uniformly smaller than public schools.[27]

The various alternatives to the present funding of public schools in the United States contain provisions which increase parents' choice in education, give greater influence over education to the consumers, make schools more accountable to families, decrease the financial burden on private school parents, and provide greater competition between the public and private schools.[28]

Chester Finn, writing in *Education Week*,[29] mentions that there is nothing government does so well that it should be left to do it alone—with no competition, with no pacesetters in other sectors, with no alternative formulations. He describes the present public school arrangement as a near-government-monopoly for poor people and a wide array of choices for rich people.

The wealthy, almost without exception, can pick the kind of schooling they want for their children. They can move into wealthy suburbs with public schools that are very good and special. In the main, however, poor people can't do that. They have to send their children to school, but they have no alternatives within their grasp, within either the public sector or the private system.

The designer of California's "Initiative for Family Choice" plan, John E. Coons, describes the public school system as profoundly elitist, exclusive, and an undemocratic structure of privilege paid for by taxation—one in which the rich get choice, and the poor get sent. He describes some of the California affluent school districts as essentially private, except for the form of their financial support—property taxes deductible on their federal returns. Parents choose them because they want a "lighthouse" district; the deed to an expensive home was their ticket of entry—the "voucher"

of the upper class. Meanwhile, other parents and children took what the system decided was good for them. They took it in the inner-city; they liked it or they didn't—but they took it. They had no choice.[30]

In speaking of public school exclusivity, Levine and Doyle point out a curious aspect of public elementary and secondary education. No scholarships are available in the public sector. The practice is so deeply ingrained and so commonplace that it is taken for granted. Public schools charge tuition to nonresidents, but they do not offer scholarships to poor nonresidents. They do not provide scholarships because of force of habit rooted in neighborhood assignment to school. The authors refer to this situation as a rigorous form of exclusivity.[31]

Economists Milton and Rose Friedman question present school arrangements under which the consumer (parent) is free to choose, and the arrangements under which the producer (school) is in the saddle, so the consumer really has little to say.

One way to achieve a major improvement in this structure, according to the Friedmans, to bring learning back into the classroom, especially for the currently most disadvantaged, is to give all parents greater control over their children's schooling, similar to that which those in the upper income classes now have. Parents generally have both greater interest in their children's schooling and more intimate knowledge of their capacities and needs than anyone else. Social reformers, and educational reformers in particular, often self-righteously take for granted that parents, especially those who are poor and have little education themselves, have little interest in their children's education and no competence to choose for them. This is a gratuitous insult.[32]

Senator Daniel Moynihan expresses the concern that the American public has lost the true intent of the framers of the Constitution. Aid to Catholic schools existed when the intentions of the Founding Fathers were easily within the memory of living people. But as anti-Catholicism became a political movement, history was rewritten. The Republican Party platform in 1876, reflecting the growing anti-

Catholicism, proposed an amendment to the Constitution forbidding the application of any public funds or property for the benefit of any school or institution under sectarian control.

It is clear from this proposal that the understanding of the country was that the Constitution allowed aid to Catholic schools. Catholics, it appears, have lost the conviction that they do have rights that ought to be pressed, and that there are genuine wrongs that need to be redressed.[33]

Doyle, writing on family choice in education in Denmark, Holland, and Australia, suggests that in the United States, a large number of state constitutions are more restrictive than the U.S. Constitution in support of private schools. In the last quarter of the 19th century, a number of states adopted so-called Blaine Amendments, named after the enthusiastic anti-Catholic Speaker of the House, James G. Blaine. The language of the California Constitution is typical: "No public money shall ever be appropriated for the support of any sectarian or denominational school, or any school not under the exclusive control of the officers of the public schools..." (Article IX, Section 8, Constitution of California). The situation reached a fever pitch in Oregon in the 1920's when the state legislature, in a fit of nativist enthusiasm, outlawed attendance at any school except the public school. The act was later declared unconstitutional by the U.S. Supreme Court.[34]

The popular debate on actual proposals to assist private school children with federal funding brings up four general justifications for such assistance.[35]

1. **Service Equity**—Most federal programs in elementary and secondary education currently contain provisions aimed at ensuring that children in private schools receive an equitable share of services under the program. Both the individual good and the collective good are seen as benefiting from this assurance of equity.
2. **Financial Equity**—Parents of children in private schools pay tuition for private schools, in addition to the taxes they pay to support public school services. Proponents of aid, in the form of tax credits and vouchers, argue that these parents should be relieved partially, if not totally,

of this double financial burden. A corollary to this argument is that the burden on the public sector is reduced when parents choose to send their children to private schools. Furthermore, since it typically costs less to educate a child in private schools, reimbursing parents for private school costs could still save the taxpayers money or make more money available per pupil in public schools than would be the case if they had to finance the education of these children in public schools.

3. **Choice and Diversity in Education**—Proponents of choice argue that public schools are a monopoly producing a standardized education not responsive to individual needs and preferences. They argue that education should remain a publicly-financed endeavor, but should be designed to allow private provision and control. They argue further that a monopoly is objectionable for an industry with such a profound impact on the nation, and that choice—having increased in other aspects of citizens' lives—should be an integral part of education as well.

   Equity in choice has been another argument advanced for public assistance to parents of private school children. The wealthy enjoy a wide variety of choices in the public and private sector, while the poor have few or no alternatives to the public school. The argument is made that existing taxation policies even inhibit lower-income parents from placing children in private schools. This lack of viable alternatives is inequitable. Since it is in the public interest to help all children receive the best education possible, giving poor children access to private schools, where average achievement is higher, might lead to overall achievement gains.

4. **Competition and Improvement to the Quality of Education**—Public assistance to private school parents also has been justified in terms of fostering competition as a means of bringing about overall improvement in the quality of education. Declines in test scores, literacy, employment skills, and discipline are interpreted as failures on the part of public schools, despite increases in educational expenditures. These failures, it is argued, would not have been accepted by the public had there

been viable alternatives. Where alternatives exist, public schools would have to provide the type of education the public wants at a reasonable price, or they would lose children to more responsive schools. Faced with the threat of large numbers of students leaving the schools if public aid to parents were available, public schools would theoretically have to improve.

This argument is consistent with the desire of some people to reduce expenditures in the public sector by encouraging reliance on the private sector and voluntarism, and it reflects general skepticism about public institutions and officials. Since public schools are the largest item in the state and local budgets, concern with fiscal constraint is conducive to reducing public school expenditures. It is argued that turning education over to the private sector would promote efficiency and quality while curtailing the growth of excessive regulation and bureaucracy.

Critics of aid point out that every individual does not benefit directly from every public expenditure. In this respect, according to opponents, parents of children in private schools are no different from adults without children or those without children of school age. Everyone is taxed to pay for public schools because those schools benefit the entire society, not just those families with children currently in such schools. Critics argue that the decision to incur the added cost of private education and forego the benefits of available public education is a decision of the individual that does not warrant compensation through tax credits or the expenditure of public funds.

The reply of Catholic parents is that the state demands that their children go to school. The state offers an educational program devoid of some of the values they wish for their children. The only alternative that is presently available to them is to set up their own school system. Most other countries grant parents the option to choose within their educational system and establish schools to meet these purposes. The United States is alone among the Western democracies in demanding that parents either choose the government diet of education or step out of the system. People who feel that religion is an im-

portant part of education are forced outside the U.S. system of education.

Other critics see private schools as fragmenting the populace. The sorting-out process of private schools and the dismissal of students is questioned. Admittedly, some of the new initiatives, which are suggested for funding education, may lead to less selective admission policies for private schools. The private school will need to make a judgment as to whether such restrictions interfere with its goals.

Other critics question whether greater competition in education would improve the public schools. The feeling is that affluent families might be the first to switch to the private schools under new funding arrangements. The least powerful segments of society would be left to speak for the public schools. Others question whether the private schools are really doing a better job than the public schools.

New Initiatives—Tax Credits

Tuition tax credits would initially help families whose children are in private schools. These tax credits offset a portion of the educational costs and occur after the expenditure has been made. The purpose of a tax credit is to give parents more choice in the education of their children. The important point is that the parent receives the benefit directly. No money leaves any program targeted for the public schools, and no money goes to the private schools.

One of the better-known efforts to move tax credit proposals into law was the Tuition Tax Credit Act of 1977, the Packwood-Moynihan Bill.

Had the Act passed, it would have enabled a taxpayer to subtract from taxes owed, a sum equal to 50 percent of amounts paid as tuition. The credit was limited to $500 per student, which is to say, that after tuition passed $1000 per year, no additional credit would be attained. If the taxpaper in question owed no taxes, or did not owe the full amount, the Treasury would refund the difference. The purpose of this refundability provision was to provide a grant for low-

income families with federal tax liabilities less than the credit to which they were entitled.

Father Virgil Blum, writing in support of tax credits, states that the greatest degradation of poverty is the unavailability of choice. Most poor parents in America are suffering that degradation—especially in the education of their children. Some black and Hispanic inner-city parents, when able, will send their children at great personal sacrifice to inner-city Catholic schools—schools in old dilapidated buildings, with inadequate equipment, with teachers grossly underpaid—because they want a quality education for their children. They want an education that includes religious and moral values, discipline, and which instills self-respect and self-worth in the students.

According to Blum, taxpayers are subsidizing the education of every public school child, with in-kind grants of, on the average, $2500 a year. There are those who avoid the issue of equality and say that public schools, which receive a tax subsidy of $2500 per child, would be hurt by a tax credit of $250 to private school parents. But, if the government were to give free Chryslers to all citizens who want them, how could Chrysler complain if the government were also to give a 10 percent tax credit on the purchase price of a Ford or Chevy to those citizens who prefer a different kind of car?[36]

It is interesting to note that tax credits were provided by the State of Minnesota for three years, 1971-1974, and no public school lost enrollment to the private sector during these years.

Public school budgets in Minnesota also continued to receive additional tax-supported increases during these years. All in all, the Minnesota experience with tuition tax credits was positive for the entire educational community in the state. Perhaps part of the problem in accepting the concept of tax credits for parents of children attending non-public schools can be traced to some deep-rooted biases about the "sacredness" of the nation's public system.[37]

In 1980, it was estimated that 27 percent of the American white population was 18 years old and younger. Forty-five percent of Hispanic people and 35 percent of the black com-

munity were 18 years old and younger.[38] These growing minorities must find a port of entry into the Catholic school system.

As a Citizens for Educational Freedom brochure explains, all families have choices today. Family choice of food, clothing, and shelter for most of the other necessities is promoted. If families have no money, the government assists them with food stamps, rent subsidies, medical care, and heat for their homes.

The poor are not put in institutions to be fed and clothed; they are given money so that they can decide for themselves what to eat and what to wear. But in education, poor families have no choice. When it comes to choosing schools, the government will make the *right* choice for them.[39]

New Initiatives—Vouchers

Vouchers provide assistance directly to parents for tuition costs, and are provided at the time parents select and "pay" for the child's education. The impact of voucher programs could be very profound. The specific provisions of a voucher plan will determine how the voucher will operate and how the benefits will be distributed.

The voucher concept means different things to different people. Some people speak of the need for vouchers to give parents more choice in education, but these people are referring to the public system only. Others give a more broad range to the voucher concept by extending its operation to public and private schools. Still others view this new initiative as applicable to public schools, private schools, school-business partnerships, day care centers, floating schools for migrants, children's theatre schools, and home schools.

The voucher approach to educational finance is intended to create a competitive market for schooling. Catholic parents, in addition, see it as giving them what is owed to them as tax-paying citizens. The voucher models take many forms, from complete cost-per-student coverage to limitations on the allowances based on family need, and the limitation of schools charging tuition in excess of the voucher.

The differences in voucher plans usually fall within three wide areas. These differences are identified in the research of H.M. Levin, and recorded in the *Congressional Private School Study* as follows:

> *Financial* provisions vary according to the size of the educational voucher, whether the voucher is indexed to a family's income, whether a school can charge more tuition than the voucher provides or accept gifts, whether transportation costs are covered, and whether compensatory measures are incorporated.
>
> *Regulatory* provisions vary according to the eligibility requirements for schools to redeem vouchers and the extent to which states would set curriculum, personnel, and admission standards for the schools.
>
> *Information* provisions vary according to disclosures required of schools, evaluation mechanisms to determine how well schools carry out their stated mission, and requirements for disseminating information about a wide range of schools to all parents.[40]

In addition, the Center for the Study of Public Policy, in its attempt to classify the basic characteristics of potential voucher plans, identifies seven different voucher "models."[41] Voucher arrangements can be quite complex, but the Catholic educator must understand how a specific model of voucher may aid the schools, or how a particular plan may have a pernicious effect.

Proponents of vouchers generally agree that government assistance for all types of education is more equitable, would lead to greater efficiency and more diversity within the schools, and would grant parents freedom of choice in education. The inclusion of private schools (and other agencies which qualify) would encourage all schools to become more responsible to parents.

Opponents of vouchers generally believe that either the Constitution forbids such general application of government funds, or that the public school system would be hurt by the competition and become the refuge for the poor, with racial and class segregation increased.

The experience in the United States with voucher programs is quite limited at the elementary and secondary

school level. However, the Servicemen's Readjustment Act of 1944 (G.I. Bill of Rights) must not be overlooked, because it is a voucher plan that worked.

The Alum Rock School District in San Jose, Calif., instituted a voucher experiment which lasted for five years (1972-1977). This plan was limited to public schools of the district, although private school participation had originally been planned. Parents selected mini schools within the public school system, and their requests were quickly granted.

Parents, who participated in the Alum Rock plan, were generally quite pleased to have alternative programs available to their children. However, it was noted that parents needed to be educated to all the options in the program. The more educated parents tended to have more sources of information and relied heavily on printed information. This finding suggests that for a voucher system to provide effective options to less educated and socioeconomically disadvantaged families, schools would have to tailor their communication to fit this particular subpopulation, e.g., using school counselors rather than printed bulletins to explain the options to parents.[42]

Vermont presently has a system of "tuitioning"—paying costs of students to attend school in towns other than where they live. Schools which are eligible to participate and to receive these funds are: public schools; quasi-public schools—nonsectarian schools, controlled by self-perpetuating trustee boards, which have been designated as the local public school, and which must meet all the rules of public schools except the requirement to hire certified teachers; and nonsectarian private schools—nonsectarian schools, which meet a separate set of standards established by the state board of education.

Approximately 20 percent of Vermont K-12 students reside in towns which participate in this voucher arrangement. Professional educators generally agree that allowing students to attend various public and private schools has not hurt the public schools or disrupted inter-scholastic athletic programs.[43]

In both the Alum Rock and the Vermont experiments,

students who attended religious-affiliated schools were not free to participate.

Through the G.I. Bill of Rights, the federal government has given grants (vouchers) to more than 7.8 million World War II and Korean Conflict veterans to attend college and below college-level schools. Approximately 4.4 million went to below college-level schools, including church-related high schools. The G.I. Bill offers grants to the veteran at any educational institution that he/she selects.

Vietnam veterans, too, are receiving education grants, more than 700,000 of them. Almost 400,000 attended high schools or other below college-level schools.

No opponent of church-related education has challenged in the courts the constitutionality of such grants, when these vouchers are used to pay tuition in the nation's church-related colleges and high schools. Some opponents argue, however, that lofty congressional motives of gratitude for services rendered to the country cure the constitutional defect, and make constitutional what otherwise would be unconstitutional. Apparently, they do not know that the motive of Congress, as distinguished from its purpose, is irrelevant to the question of constitutionality.[44] Why, it may be asked, is not a "Junior G.I. Bill of Rights" constitutional for elementary and secondary students in private schools, in light of the precedent established by the U.S. Government with the G.I. Bill?

Tuitions, subsidies, contributed services, fund drives, development programs, sacrificial giving, and state services have, in their own ways, given the Catholic school its vigor, Should tax credits and vouchers be added to this litany? One may answer by asking: What are the alternatives? As each school studies its alternatives, reviews present school funding, and looks at the long range plans for the school, the need for "new source" money becomes very evident.

Catholic school leaders must never trade off their enviable position as independent, non-government-controlled, religious-value schools in order to receive the necessary funds to continue. Catholic parents have a right to government support that is without restrictive regulations on their schools.

The Political Process

Financial help of any kind and at whatever level, state or national, will be sprung loose as a result of a *political decision*. Catholic school parents, teachers and administrators must enter new territory, form educational alliances, join political coalitions, and generally make themselves heard in the political arenas.

Catholic parents and educators should realize at the outset that it is not a foregone conclusion that government aid will be good for them. But, what must be insisted upon, is that others do not make this decision for them. Catholic parents, exercising their choice, should determine what is good or bad for their children and their schools.

Catholic parents and educators must not permit themselves to be ignored. Moynihan states that the "best" people in educational circles think that Catholic schools have no right to seek financial help from government sources. They think it so strongly that they don't even think it is necessary to say so.[45] There are people in key positions who do not think that Catholic schools should exist, so they act as if the schools did not exist. Catholic educators cannot sit idly by and be ignored.

Catholic parents and educators must not permit the threat of unconstitutionality to snuff out the debate. This, again, is a political question, and not a constitutional issue. The constitutional facts are obvious enough. The government today is cooperating with religious groups to further secular purposes in a variety of ways—cooperating, that is, with the single exception of private elementary and secondary schools. Federal funds provide support for Baptist and Jewish hospitals and Catholic colleges. Federal foreign aid funds provide resources for relief work for Protestant agencies in developing countries. Medicare benefits are not denied to the patient who chooses a Lutheran rest home. Catholic education needs spokespersons who will make the Catholic school position the political issue of the moment.

Two important considerations should be kept in mind by Catholics in their quest for government support. One has to do with their relationship to the public sector. The se-

cond concerns what might be happening within their own group.

The best position for the Catholic, who is debating the issue of federal funds for private school parents, is to support movements which will strengthen both public and private education. Private schools should not attempt to make gains at the expense of the public sector. Voucher reimbursements to parents should be modest enough so as not to upset the stability of the public schools. Tax credits should be large enough to help private school parents, but not so large that a sharp trend to private schools may be anticipated. That is the political process.

Alliances must be formed with public schools where feasible. Public schools should align with private schools, instead of each system viewing the other with suspicion and hostility. Supporters of the public school system might gain, both financially and politically, by looking to the private sector for allies in the effort to adopt a strategy of support for education as a whole.[46]

The thrust for government support for schools within the Catholic community may have ramifications that many fail to anticipate. Catholic leaders are becoming more and more involved with political issues. Most Catholic pronouncements on social matters will be found on the liberal points of the political compass. But, support among Catholics for aid to parents is coming from political conservatives. This latter group may not be in agreement with much of the contemporary Catholic thought on social issues.

Moynihan, speaking on Catholic tradition and social change in 1984, warns that if it should become clear to a significant number of the Catholic community that support for their schools is concentrated in one sector of political opinion, the social commitments of those furthering social concerns will become hostage to the political supporters of Catholic schools.[47]

As Catholics enter the political process at the government level, they cannot ignore the political divisions that exist within their own group. Aid for school children is a need that transcends parties and labels. Bonds of trust, understanding, and cooperation must be established within the

Catholic community. If aid to private schools becomes strictly a Republican, or Democrat, or liberal, or conservative position, there is little chance of school children ever receiving aid. The gap between the forces who are moving for general social change and the forces which are moving for specific educational change must not widen. Estrangement among these leaders will lead to failure of both.

The political arena is new territory for most Catholic school educators. However, it is familiar ground to public school educators, who have been involved in the political process for many years. The National Education Association (NEA) is now one of the most powerful lobby groups in the country. This organization, and its state affiliates, exert enormous influence on educational legislation, and on the activities of state departments of education. In many state legislatures, NEA members are very prominent and serve on education committees. In Minnesota, for example, during the debate in 1984 for an increase in the tax deduction allowance, approximately 38 people in public education were voting members of the legislature. In many states also, the principal officers of the departments of education are selected directly from the ranks of these state educational associations.

This is the political process. Catholic schools need to be represented in it. Teachers and administrators at the local level must become involved in their communities. Alliances must be formed which will help to further the cause of private schools. At the diocesan levels, consideration should be given to sending full-time lobbyists to their state capitals.

Educators should consider the suggestion that it may be their duty to become involved in the political process on certain issues. Politics, according to some, is inescapably a moral enterprise. Those who participate in it are—whether they know it or not, and whether they admit it or not— moral actors. The word "moral" here does not mean that what happens in politics is always morally approvable or in accord with what is right. It means only that the questions engaged are questions that have to do with what is right or wrong, good or evil. Whatever moral dignity politics may possess, depends upon its being a process of contention and

compromise among moral actors, not simply a process of accommodation among individuals in pursuit of their interests.[48] Catholic educators are not to be interested in legislating morality, but should be interested in the morality of legislation.

These are some of the ways that Catholic parents and educators can respond to the challenges of political decision-making. Good debate will need to take place as plans surface which design interventions into Catholic schools, a place once very private. The Catholic community must be informed, alert, vocal. No one really knows what the outcome of parent choice with public funding will be. The point is that those involved close at hand, parents and educators, must be involved in the decisions which will determine the future educational opportunities of their children.

Summary

1. Examples of local level Catholic and public school cooperation are the "shared-time" and "dual-enrollment" programs. They work best when there is a financial benefit to the public school (state aid formula adjustment) and to the Catholic school (less payroll).
2. One form of *state* aid to parents of private school children is the "tax deduction," an *indirect* reduction, which reduces the sum on which the parents' total state tax liability is computed.
3. A "tax credit" a *direct* reduction in the amount of tax the parents would pay on their *federal* income tax, has been proposed, but is not yet available.
4. There is increased debate today on the best way to finance public education and on whether private schools should be part of new initiatives in school finance. Some innovators are asking for less government involvement in education and more involvement with business partnerships.
5. The general thrust of the "new thinking" in educational finance is that consumers (parents) be given more choice in education and that more control reside at the local level.
6. The popular debate on actual proposals to assist private school children with federal funding surfaces four general justifications for such assistance: service equity; financial equity; choice and diversity in education; and competition and improvement to the quality of education.
7. Critics of aid to private education argue that the decision to incur the added cost of private education and to forego the benefits of available public education is a decision of the individual that does not warrant compensation through tax credits or the expenditure of public funds.
8. The reply of the Catholic parent is that the state demands that their children attend school. The state offers an educational program devoid of some of the values parents may wish for their children.
9. The important point to remember is that in such proposed legislation as *tax credits*, the parent receives the benefit directly. No money leaves any program targeted for the

public schools, and no money goes to the private schools.

10. *Vouchers* provide assistance directly to parents for tuition costs, are provided at the time parents select and "pay" for the child's education, and give parents freedom of choice in education. The G.I. Bill of Rights, whereby a veteran is given a government subsidy to be spent for an education in the high school or college of his/her choice, is an example of a successful voucher plan.
11. It must be realized that financial help of any kind and at any level, state or national, will be sprung loose as a result of a *political* decision.
12. The best position for the Catholic in debating the issue of federal funds for private school parents is to support movements which will strengthen both public and private education. Private schools should not attempt to make gains at the expense of the public sector. If support for Catholic schools is concentrated in only one sector of political opinion, failure will be the result. Aid for school children is a need that transcends parties and labels.

5. THE PRIVATE SCHOOLS AND THE COURTS

It is necessary to review the interpretation given to the First Amendment of the U.S. Constitution before the court cases affecting government aid to private schools are presented. The Supreme Court's particular interpretation of this amendment determines its decisions. The Australian government operates from a Constitution nearly identical to the U.S. Constitution, and financial aid is granted to its private schools. Most European countries generally assert that religious freedom is preserved when government funds are used for children who attend religious schools. The Supreme Court of the United States has asserted that religious freedom is guaranteed when government funds are denied to children who attend religious schools.

The court has established a broad meaning to the nonestablishment section of the First Amendment of the U.S. Constitution. The claim is made that the court is interpreting the Constitution in accordance with the understandings of the Founding Fathers. The full history of the First Amendment has to be brought into focus for a clear understanding of the intent of its writers.

The First Amendment states: "Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof." This amendment, not in the original Constitution, became part of the "Bill of Rights," or first 10 amendments, which guarantee that Congress will not interfere with state concerns. The First Amendment prohibits Congress from interfering with religious arrangements within the states.

The meaning appears quite clear. Congress was forbidden to establish a national religion. James Madison, who is sometimes cited as opposed to aid to any religion, approv-

ed of treaties with the Indians which agreed to provide government support for churches and church-related schools in their midst. He also agreed to give appropriations to support missionary activities among the Indians.[49]

Robert L. Cord, in his book, *Separation of Church and State: Historical Fact and Current Fiction*, states that historical documents and public record lend little support to the interpretation of the First Amendment's non-establishment clause. Most justices, he cites, have followed their "own prepossessions" in interpreting the First Amendment. All the establishment clause cases ought to be examined anew by a U.S. Supreme Court willing to scrutinize, for the first time, the full history of the clause's prohibitions. It is time for the Supreme Court to discontinue promulgating a distorted version of American history brought into being and carefully maintained by the selection and omission of primary historical sources.[50]

Daniel Moynihan, in setting the stage for discussion of the court's position on financial aid to church-related schools, states: that the United States is the only industrial democracy in the world that does not routinely provide aid to nonpublic schools as part of its educational system; that the origin of this policy choice lies, not in the intention of the framers of the First Amendment, but in the Catholic-Protestant antagonisms of the 19th century; and that the Supreme Court has been simply wrong in repeatedly telling state legislatures that they may not, consistent with the First Amendment, provide a variety of forms of aid to elementary and secondary schools that are operated by a church or religious body. He adds that there has never a period in our national life in which the Supreme Court has not, in fact, been wrong about a major issue of the time. Wrong, in the sense that the court later said, "We are wrong." The court was plainly wrong in *Dred Scott*. The court once held (Plessy) that separate, but equal, facilities were constitutional; now the court holds that they are not.[51]

> I would maintain that the Court has been egregiously wrong in much of the reasoning it has employed in defense of its decisions concerning public aid for nonpublic education. For example, the Court was reduc-

ed to saying, in *Tilton*, that a federal statute that provided aid to a Catholic college was constitutional, but that, similarly, direct subventions to a Catholic high school would be unconstitutional because of a presumably well-known difference in religious impressionability as between college freshmen and high school seniors. If you'll say that, you'll say anything. It was not an academically defensible statement. No respectable psychologist would say it, and I regret that the Court chose to say it, for saying it is so does not make it so. It would have been more honest and straightforward if the Court merely said that it did not want to overrule the Congress in its determination of education policy.[52]

The following selection of court cases is chosen to show, first, through the landmark *Oregon School Case*, that private schools have court support for their presence on the American scene. Second, the remaining cases will demonstrate to what extent the private school parents may expect government financial support for their children's education.

The Oregon School Case

(Pierce v. Society of Sisters)

A resolution drawn up in May 1920 in Oregon, advocated free and compulsory education for all students in the state, but attendance must be in a public school. The proponents of the plan decided to have a direct vote of the people and bypass legislative action by using the initiative process. The initiative measure, to compel children between the ages of 8 and 16 to attend the public schools in Oregon, was placed on the ballot for the general election in November 1922.

The combination of forces opposed to parochial schools was sufficient to give the proposal a 15,000 plurality, and the resolution became law by this referendum. The new law was to become operative at the start of the school year in 1926.

Before addressing the court struggle, it may be of interest to focus on the historical background that made such a proposal possible.

The requirement that Oregon's children attend public schools was unique among the American states. It had been adopted after a referendum campaign organized and promoted primarily by the Ku Klux Klan and the Oregon Scottish Rite Masons as part of a strategy to "Americanize" the schools; if the campaign was successful, a dozen other states were next in line. Bans on the teaching of Darwinism and foreign languages and requirement of teacher loyalty oaths and inoffensive textbooks were all part of a larger assault on pluralism in education and society. As one Klansman noted: "Somehow these mongrel hordes must be Americanized; failing that, deportation is the only remedy." Oregon's public school teachers also supported the bill, apparently fearing that its rejection would be taken as a rejection of public schooling. Parochial schools were the most numerous private schools in the state, and anti-Catholicism—"religious revenge," as the Portland *Telegram* put it—helped sway voters' minds. The bill's opponents—among them the churchmen who denied that "sectarianism" was "unpatriotic"; businessmen fearing increased school taxes; minority groups and civil rights organizations concerned about constitutional and religious liberties—objected to state monopoly over education. But the referendum narrowly carried, splitting political party lines; one Oregon newspaper editor commented that "politics has simply gone mad."[53]

Opponents of this compulsory attendance law turned to the courts for redress. The Sisters of the Holy Name, who cared for students in orphanages and taught students in academies, and Hill Military Academy, a private military school, were the appellees. The Federal District Court ruled in their favor and struck down the law as unconstitutional. Governor Pierce of Oregon then announced that the state would appeal.

The Supreme Court, within three months, rendered its decision, unanimously holding that the Oregon law was unconstitutional. The freedom of parents to control the education of their children was upheld. The right of schools not to be deprived of their property without due process was

likewise upheld. This clear statement on the rights of parents to direct the education of their children has had a strong influence on the development of the nonpublic school system in the United States.

State aid to private schools, or to parents of private school students and their children, has been the subject of legal challenges through the years. These cases either involved the First Amendment interpretation (establishment of religion clause), or the Fourteenth Amendment (privation of property in the *Oregon* case, or money paid in the *Cochran* case). The Supreme Court has established its own three-part criteria statement to determine constitutionality in such cases. Some state programs have been upheld; others have been nullified.

The test of constitutionality established by the Supreme Court requires that a statute which provides aid to private education meet the following criteria: the statute must have a secular purpose; the statute must have a primary effect that neither inhibits nor enhances religion; and the statute must not involve an excessive entanglement of the state in religious affairs.

Court Cases Involving Textbooks and Transportation

1. *Cochran v. Louisiana State Board of Education* (1930)

   The court sustained the right of Louisiana to furnish nonsectarian textbooks to pupils attending parochial schools, indicating that the school children, and not the school, are the beneficiaries of the service.

2. *Board of Education v. Allen* (1968)

   The court upheld a New York law which required that textbooks be loaned, free of charge, by school boards to all students in specified grades. The court stated that the law was constitutional because it had a secular legislative purpose and a primary effect that neither advanced nor inhibited religion. The decision had widespread effect in that other states began to consider such aid to private school students.

3. *Everson v. Board of Education* (1947)

   The court upheld a New Jersey law under which parents were reimbursed for the cost of transporting their

children on the city's buses to a Catholic high school. The court stated that in protecting citizens of New Jersey against state-established churches, the state must not inadvertently prohibit itself from extending its general state law benefits to all citizens without regard to their religious beliefs.

It should be pointed out that the Everson case, in stating that the law was not in violation of the U.S. Constitution or the New Jersey Constitution, did not require any state to provide such transportation. Twenty-seven states do presently guarantee some form of bus transportation to private school students. Transportation service will, however, continue to remain a problem for many school administrators. The difficulties of working out mutually satisfactory arrangements with local school districts about busing students across school district lines and the effect on school enrollments still remain. Also, when the state, or school district, concludes that it is spending more money per private school student than it is for a public school student on busing, the bus debate will move into high gear.

Cases Involving Tax Exemption (Schools) and Tax Deductions (Parents)

1. *Walz v. The Tax Commission* (1974)

   The Supreme Court, while recognizing that tax exemptions are a form of indirect support for religious organizations, upheld their constitutionality, basing the decision on a number of factors, including the breadth of the class that would benefit from the exemptions and the fact that taxation of church property would result in state involvement in the affairs of religious institutions and would violate the First Amendment.

2. *Mueller v. Allen* (1983)

   The court decision upheld a Minnesota statute, which permitted parents or guardians a tax deduction for school expenses in grades K-12. The court found the Minnesota law to have a secular purpose, to have a primary effect that does not advance the sectarian aims of the private school, and does not involve the state in religion. The court rejected the claim that, because a large percent of

the tax deductions claimed by parents are for tuition paid to parochial schools, the law primarily benefited religion. It must be remembered that, under the Minnesota law, parents of public school students may take a tax deduction for expenses which are incurred at the public school.

Court Cases Involving Government Regulation—Unions and Unemployment Compensation

1. *National Labor Relations Board v. Catholic Bishop of Chicago, et al* (1979)

   This case involved federal regulation of the workplace, in this case, the Catholic school. Lay faculty members at two groups of Catholic schools sought to be represented by the NLRB. The board ordered union elections over the protests of the Catholic bishops of Chicago and Fort Wayne-South Bend, Ind. The bishops claimed that jurisdiction by the NLRB in this area would violate the religious clause of the First Amendment. The court decided in favor of the bishops and did not support this proposed extension of the board's jurisdiction into religious schools.

   Bishop William E. McManus, who was appointed bishop of the Fort Wayne-South Bend Diocese in 1977, when the case was in progress, promised to recognize the teacher union immediately following resolution of the church-state question that the case raised. In 1979, the Supreme Court upheld the diocese's position. Though federal law no longer controls parochial school collective bargaining, McManus contended that "Church law does require good faith negotiation with employees."[54]

2. *St. Martin Evangelical Lutheran Church and Northwestern Lutheran v. South Dakota* (1981)

   The Supreme Court ruled that these two schools were exempt from paying unemployment tax for their employees. While the court's ruling applies only to South Dakota, the case is certain to be cited by federal and state courts nationwide.

   Catholic schools have assumed various postures in response to this decision. The Federal Unemployment Tax Act (FUTA) obligates former employers to pay a stipulated

amount of salary to workers who have been dismissed. Catholic schools appear to be excluded from such regulation in light of the South Dakota case. The following procedures have been taken in the Catholic schools in response to this legislation and court decision.

1. The legal position may be taken—do not pay anything;
2. The school may choose to follow the law as written and pay the percentages mandated;
3. Schools decide on individual cases, attempting to determine the justice of the request;
4. A school may enter into a group insurance plan and pay a premium against the possibility of future payments.

Much will depend upon diocesan rules, but there is, at present, no uniform policy to handle all cases.

Cases Involving Direct Support to Schools and Direct Grants to Parents or Schools

1. *Lemon v. Kurtzman* (1971)

   The court reviewed a 1968 Pennsylvania statute, which authorized state reimbursement of nonpublic school expenditures for teachers' salaries, textbooks, and instructional materials that were incurred, based on contracts between the schools and the Superintendent of Public Instruction. The law was overturned because the cumulative effect, it was decided, would involve the government in religious entanglement.

2. *Committee for Public Education and Religious Liberty (P.E.A.R.L.) v. Nyquist* (1973)

   This case arose from a New York state law which authored three programs intended to aid nonpublic school education. Two of the programs involved direct money payment, including tuition grants and grants for repair and maintenance of parochial schools, and the third program gave some tax relief for parents with children in nonpublic schools. A three-judge federal court ruled against the first two programs and upheld the third. The Supreme Court ruled that the third section of the law, that of providing income tax benefits to parents, was not

sufficiently restricted and could lead to government-religion entanglement.

The attitude of the Supreme Court regarding tax credits, especially after the Nyquist decision, remains a question mark. The issue of tax credits or an act of Congress authorizing tax benefits for religious schools has never been before the Supreme Court. The court generally has been hesitant to override an action of a co-equal branch of government, so an act of Congress, if carefully written, may have some success. The court just might find the formula that can somehow reconcile upholding tuition tax credits while not explicitly reversing itself on some of its earlier decisions. Changes in the court's membership is certain to take place in a short time, and this could lead to shifts in voting.

All the above is in the realm of speculation, as Roger A. Freeman concludes in his summary of educational tax credits. He suggests an alternative plan to seeking tuition tax credits at this time. The strategy would be to seek legislation that would permit tuitions to be added to the currently allowable deductions (tax deductions). It may be difficult, he suggests, for the Supreme Court to declare that tax deductions for tuition to denominational schools aid religion and are therefore unconstitutional, but that deductions for donations to church schools (which are presently allowed) are constitutional. Nor could the court find that payment to church-sponsored schools aids religion, but that payment to the churches to which they are affiliated does not. There must be a limit somewhere to the court's ability and willingness to twist logic to suit the predilections of its learned members.[55]

Some educators and parents feel that private initiative is always preferable to government-directed operations in education. This group should not overlook effective ways to stimulate charitable contributions and increase voluntary action. If donations to schools and churches switched from the tax deduction to the tax credit category, people all across the income spectrum could become donors to Catholic schools. The schools could depend upon private sources for their additional income.

Again, others believe that parents have a right to govern-

ment aid, without undue state regulation. New initiatives must likewise be surfaced to make this a reality. The political process will be the delivery system through which either of these positions may be recognized and supported. Catholic school educators, teachers and administrators, the people who are directing 63 percent of the nation's private elementary and secondary schools, must assume a leadership stance with their parents, boards, local communities, and state organizations, to bring about a new understanding of the place of the Catholic school on the American scene.

Constitutional Law and Contract Law

Public schools are agencies of the state and are thereby governed by some of the constraints of the First Amendment (e.g., free speech) and the Fourteenth Amendment (e.g., due process). Catholic schools are not agencies of the state and are not therefore subject to the same restrictions as public schools. A broad range of constitutional rights are not guaranteed to Catholic school students unless the school has gone on record as granting these specific rights to its students.

The parents who send their children to Catholic schools are really entering into a contract with the school. The parents realize their part of the contract (requirements that are stated in the school handbooks or implied by the school's statement of philosophy), and the school realizes its part of the contract (quality education at a specific cost). This is a form of contract law. Parents and school officials are quite likely to notify one another when their "understandings" are not being realized.

Some public schools have been taken to court over dress code requirements. Constitutional law is being addressed. The party who is bringing the charges usually feels that his/her "right of free expression" has been violated. On the other hand, one has certainly noticed signs on some store doors which state: "No Shirt, No Shoes, No Service." The shopper does not have a constitutional right to shop in a particular store in violation of the "contract" that the storeowner wishes to enter into with each customer.

Catholic schools have many of the privileges of the storekeeper. However, Catholic schools have the obligation to review all of their school regulations in the light of *fairness, justice, and Christian concern. Courts are not for*cing Catholic schools to revise their student regulations. However, Catholic school philosophy statements should prompt the schools to review all of their school policies to see that these are in harmony with justice and Christian concern.

Steve Permuth, in his book, *The Law, The Student, and The Catholic School*, discusses "student rights" in Catholic education which result from such laws on the federal level as the Civil Rights Act, and state laws, which require health and safety codes for all schools. Students in these schools have a right, in justice, to school compliance with these laws.

Each teacher and administrator in the Catholic school must know the legal framework of its diocese and state. For instance, laws affecting corporal punishment are determined state by state. Hence, one state (e.g., Maine) can prevent the use of corporal punishment in the schools, while another (e.g., Illinois) may allow its use. Dioceses may also have some general rules on such means of correction.[56]

"Due process" is an expression often heard in schools today. Permuth has these suggestions for Catholic schools on the topic:

> Again we suggest the need to focus on both the fairness of a given rule (substantive due process) and the reasonableness of the process used to implement such decisions (procedural due process). Examples include: is it fair for one student to be treated differently when caught smoking? Are the rules of the school dealing with school discipline vague? Discriminatory? Inconsistent with school philosophy? Schools should test for fairness in the rules and regulations that govern the school.
>
> It is suggested that the rules developed by Reutter (Edmund Reutter, *The Courts and Student Conduct*, pp. 2-5) which, at a minimum, suggest that all school regulations (a) be known to students beforehand in writing,

if possible; (b) have a legitimate educational purpose; (c) be clear in language; and (d) be consistent with school philosophy, be part of school policy.

Primary concern for implementation of a disciplinary act should emphasize a process that is, first of all, known by the students. In addition, students should have an opportunity to present their side of an issue. School discipline procedures should provide such opportunities to assure a fair and equitable process.[57]

Summary

1. The Supreme Court's particular interpretation of the First Amendment determines its decisions relative to private schools. The court has asserted that religious freedom is guaranteed when government funds are denied to children who attend religious schools.
2. The "landmark case" for private schools in the United States is *Pierce v. Society of Sisters*, the *Oregon School Case*. It was the case which established in law the freedom of parents to control the education of their children. The clear statement on the rights of parents to direct the education of their children has had a strong influence on the development of the nonpublic school system in the United States.
3. The test of constitutionality established by the Supreme Court requires that a statute which provides aid to private education meet the following criteria: the statute must have a secular purpose; the statute must have a primary effect that neither inhibits nor enhances religion; and the statute must not involve an excessive entanglement of the state in religious affairs.
4. Three important cases regarding textbooks and transportation, which in the mind of the court met these criteria are: *Cochran v. Louisiana State Board of Education, Board of Education v. Allen*, and *Everson v. Board of Education*.
5. Two cases which were upheld by the courts regarding tax exemptions and tax deductions were: *Walz v. The Tax Commission* (church properties are not to be taxed); and *Mueller v. Allen* (state tax deductions to parents are legal).

6. Two cases involving government regulation of church/school employees were decided in favor of the churches. In *National Labor Relations Board v. Catholic Bishop of Chicago, et al*, the court decided in favor of the bishops and did not support this proposed extension of the government board's jurisdiction into religious schools. In *St. Martin Evangelical Lutheran Church and Northwestern Lutheran v. South Dakota*, the Supreme Court ruled that these two schools were exempt from paying unemployment tax for their employees.
7. *Lemon v. Kurtzman* and *Committee for Public Education and Religious Liberty (P.E.A.R.L) v. Nyquist* are two examples of the Supreme Court deciding that direct support to teachers and direct grants to parents could lead to government-religious entanglement and were, therefore, not upheld.
8. The attitude of the Supreme Court regarding tax credits, after the Nyquist decision, remains a question mark. An act of Congress, if carefully written, may have some success. The mood of the country, the possibility of change in court membership, and the hesitancy of the court to override an action of a co-equal branch of government may all work for favorable consideration of tax credits.
9. Public schools are agencies of the state and are thereby governed by some of the constraints of the First Amendment (free speech) and the Fourteenth Amendment (due process). Public schools generally must guarantee their students their "constitutional rights."
10. Catholic schools are not agencies of the state and are not, therefore, subject to the same restrictions as public schools. Catholic schools, however, should review all their regulations in light of fairness, justice, and Christian concern. Students and teachers in Catholic schools have a right, in justice, to work in schools where health and safety codes are in compliance with government directives.

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SUGGESTIONS FOR USING THIS BOOKLET

There are many uses for this series of booklets on the Catholic school. Colleges will find them a valuable resource in preservice formation programs for Catholic school teachers. Graduate schools will find them helpful in the preparation of Catholic school administrators. Principals will find in them a rich resource for inservice of teachers and boards of education. Individual Catholic educators will find in them a unique and challenging help to their own personal and professional growth.

Plans that differ in length and format are offered to those who will be using these booklets. These plans are arranged for easy adaptation by users according to their purpose and needs.

Extended Format: This plan is for the college teacher, the principal or group leader who can spend two or more sessions on the material.

Mix and Match: This format gives users a choice of openings, of middles and of endings. It invites users to design their own model, choosing suggested components according to the interests and readiness of participants and the time available.

Planned Format—Single Session: The single session format is arranged for one 60-90 minute session. It provides a step-by-step plan for the busy leader, even estimated time allotments.

Independent Study: Educators motivated to explore the booklet and/or teachers assigned to study it will find suggestions in this plan for interacting with the content, for reflecting on its meaning and for internalizing its message.

It is hoped that Catholic leaders will find the planning formats a beginning—an incentive to go beyond in their search

for ways to help Catholic school teachers grasp the distinctiveness of their school and of their ministry.

Orientation

The contents of this booklet contain several related, but distinctive topics dealing with Catholic school finance and church-state relations. It is more easily studied from that perspective than as a unified whole. Depending upon the needs of the participants, the leader may choose to emphasize one or another of the topics.

EXTENDED FORMATS

OPTION A—for five or more sessions

Session 1: Read this booklet ahead of time and in large group, discuss various forms of Catholic school revenues and the values of those people who provide and foster them.

Session 2: Select several state and federal programs for students in nonpublic schools (e.g., transportation, textbooks, etc.). Each participant prepares a report for the large group on one program and responds to questions.

Session 3: Continuation of reports from previous session.

Session 4: The leader or guest speaker conducts a seminar on court decisions involving programs and services for students in nonpublic schools. Conclude the discussion by having the participants summarize the Supreme Court criteria for determining constitutionality.

Session 5: Ask the participants to write an editorial promoting public understanding, support for nonpublic schools, and their financing. In small groups, read and discuss these editorials.

OPTION B—for three or more sessions

Session 1: In small groups identify and discuss the major themes of the text. Plan a field experience to become involved with one of the major issues discussed.

Session 2: Through field experiences, the participants volunteer time in the local community to promote issues of Catholic school financing and existing or proposed governmental programs.

Session 3: In a seminar setting, have the participants report on field experiences and discuss them.

OPTION C—for two-three sessions

Use a variety of activities from the **Mix-and-Match** section below to comprise several sessions.

MIX-AND-MATCH

Read booklet ahead of time.

Step 1: Prayer

Step 2: Openings—choose from among the following:

a. Read the Table of Contents. Pick out three topics of interest to you and write a brief question for each topic indicating something you would like to learn.

b. Write a brief description for each of the following words to be refined as you learn more about the topic: tuition; tax deduction; tax credit; voucher; negotiated tuition; fair share tuition; sacrificial giving; tithing; subsidies; contributed services; dual enrollment; financial development.

c. From your experience draw a "pie graph" estimating the various sources of income for the Catholic school you are acquainted with.

d. Catholic schools cost money, a lot of money. Why are people willing to make financial sacrifices? What is the relationship of faith values and the Catholic school finances?

e. From what you know at this time, name three service programs provided by either some state or federal government to students in nonpublic schools.

f. The courts have ruled some forms of aid to nonpublic schools and students to be constitutional

and other forms to be unconstitutional. What questions do you have about their decisions?

Step 3: Middles—choose from among the following:

a. The leader or guest speaker makes a presentation about a specific Catholic school, explaining how each of the components discussed in the text apply to the selected school.

b. Using the text, ask participants to develop a glossary of terms. In small groups refine the definitions/descriptions; from the small groups, develop a single list for the large group, discussing each term as it is added to the list.

c. Leader/presenter elaborates on the Supreme Court test of constitutionality and its three-point criteria.

d. The leader selects several relevant topics from the text. One topic is assigned to each participant to further research and prepare a report for the large group. As these reports are given, the reporter responds to questions.

e. In the large group or in small groups, discuss the following topics: financing Catholic schools through development programs; promoting justice for Catholic school children and parents through the political process; broadening the Supreme Court's narrow decisions to allow additional forms of support for children in nonpublic schools.

Step 4: Endings—choose from among the following:

a. Write a summary paragraph about what you have learned.

b. Identify three important items you have learned from this study.

c. After reflection, what values have been strengthened through your study of this material?

d. Write a three-minute TV editorial about the content of the text expressing your views and opinions.

Step 5: Closing Prayer

PLANNED FORMAT—SINGLE SESSION

Minutes	
	1. Participant reads the text in advance of the session.
3	2. Opening Prayer: Scripture Matthew 6:26-34, followed by a brief period of silent reflection.
10	3. In small groups, participants share two or three things from the reading of the text that impressed them.
30	4. A panel of participants or guest speakers prepare a 10-minute presentation to the large group on the following topics: • the financing of Catholic schools • public policy and support for Catholic schools • the First Amendment: court cases and Catholic schools.
10	5. Questions by participants and panel responses.
	6. In pairs, have participants complete the following sentence,
4	"The most significant thing about this session for me was ..."
3	7. Closing Prayer—Reread scripture Matthew 6:26-34, followed by a brief period for silent reflection.

INDEPENDENT STUDY

Step 1: Write a brief description for each of the words to be refined as you read the text: tuition; tax deduction; tax credit; voucher; fair share tuition; negotiated tuition; sacrificial giving; tithing; subsidies; contributed services; dual enrollment; financial development; Pierce v. Society of Sisters.

Step 2: As you read, add to the list of terms indicated in #1 above.

Step 3: List significant court cases and follow them with a one-sentence description that indicates what was decided in each case.

Step 4: After you read and reflect on the text, identify values that prompt support for financing and government programs for Catholic school students.

Step 5: Read from the scriptures Matthew 6:26-34 and respond with prayer in your own words.

ABOUT THE AUTHOR

Brother Terence McLaughlin, F.S.C. is an assistant professor at the College of St. Thomas, St. Paul, Minn., where he directs the "New Design in School Leadership" program. The focus of this program is to meet the special needs of principals in nonpublic schools. School administrators from Catholic, Lutheran, Baptist, Christian, Jewish, and independent schools have received master's degrees in this program.

College of St. Thomas nonpublic school administration satellite programs now exist on two other college campuses. A summer program is designed for principals in the southern states at Christian Brothers College in Memphis, Tenn. Another degree program, a cooperative arrangement with Bradley University, Peoria, Ill., is scheduled to begin in 1985 for administrators in Illinois and surrounding states.

McLaughlin teaches leadership, finance, personnel, and ethics, directs a practicum (experienced administrators), and assists in internships (administrators-to-be). His educational experience is broad, having taught in four states and in England. He has administered five high schools, pioneered the Chicago, Ill. secondary school dual-enrollment program with the public school system, and was a college president. He also has been a member of college and high school advisory boards and a consultant for elementary school principals. He also is executive director of MAPSA, the Minnesota Association of Private School Administrators.

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